

LNF & IHCIF Calculations Illustration

- Lac Courte Oreilles in Bemidji area -

Given Data

- 3,487 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 43% = % Expenditures on purchased services, 57% = % expenditures in-house
- 98.1% = Cost index for purchasing health care in this geographic area
- 117.8% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

Cost Adjustment Calculations

- \$1,265 per person for purchased services = $43\% * 98.1\% * \$2,980$
- \$1,992 per person for in-house services = $57\% * 117.8\% * \$2,980$
- \$3,257 per person total = \$1,265 (purchase) + \$1,992 (in-house)
- **\$3,450 per person total** adjusted for health status = $\$3,257 * 105.9\%$
- **\$2,705 per person net cost** = $\$3,450 - \745 Other resources (M&M&PI)

Existing Expenditures (for 3,487 users excluding wrap-around and collections)

- \$864 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,012 per person for OU users** = $\$864 + \$94 + \$54$

LNF Calculation

- **29.3% Gross LNF** = $\$1,012$ (expenditures) / $\$3,450$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **37.4% Net LNF** = $\$1,012 / \$2,705$ net cost ($\$3,450 - \745 other)

IHCIF Allocation

- \$2,129,813 = \$ to raise LNF% from 37.4% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$74,288 Allocation** = $\$2,129,813$ needed for 60% * 3.488% IHCIF fraction

Lac Courte Oreilles Unmet Needs

- **\$9,433,184 Net Total Need** = 3,487 users * \$2,705 net cost
- **\$5,903,086 Net Unmet Need** = $(100\% - 37.4\% \text{ LNF}) * 3,487 \text{ users} * \$2,705 \text{ net cost}$